

Company AS Ekspress Grupp  
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Attachments:

- EG\_I\_kvartal\_2022\_ENG.pdf (<http://oam.fi.ee/en/download?id=6411>)
- EG\_I\_kvartal\_2022\_EST.pdf (<http://oam.fi.ee/en/download?id=6412>)

Currency

Title AS Ekspress Grupp: Consolidated unaudited interim report for the First Quarter of 2022

In the 1(st) quarter of 2022, the revenue of AS Ekspress Grupp increased by 22% to EUR 13.4 million and EBITDA increased by 3% to EUR 0.62 million. Due to the seasonality of the Group's business, as expected the Group's net loss in the 1(st) quarter of 2022 totalled EUR 0.51 million. Digital revenue contributed 78% to the Group's total revenue at the end of March. Digital revenue increased by 36% as compared to the same period last year.

The Group's performance in the 1(st) quarter met expectations: the consolidated revenue totalled EUR 13.4 million (1(st) quarter 2021: EUR 11.0 million), increasing by 22% as compared to the previous year. Revenue growth in the 1(st) quarter was primarily attributable to the growth in online advertising and digital subscription revenue. The total advertising market has not changed substantially in terms of its size as compared to the previous year, but the online advertising market has continued to grow as compared to traditional media channels. Revenue growth was as expected but it was still negatively impacted by Russia's offensive in Ukraine due to which several planned campaigns were postponed by advertising customers, primarily in Lithuania and Latvia. The wider impact of the war on the economies of the Baltic States is currently difficult to predict. The revenue of Geenius Meedia that was acquired at the end of 2021 totalled EUR 0.5 million in the 1(st) quarter, i.e. contributing ca 5% to the Group's sales.

The number of the digital subscriptions of AS Ekspress Grupp increased by 50% by the end of March 2022 as compared to the same period last year and totalled 146 thousand. Õhtuleht and Delfi Lithuania demonstrated the strongest growth. The growth of digital subscriptions also met expectations, but the number of subscribers increased at the end of February, because during turbulent times in the world, the readers are more interested in high-quality and objective journalism.



The earnings before interest, tax, depreciation and amortisation (EBITDA) of Ekspress Grupp totalled EUR 0.62 million in the 1(st) quarter which is 3% more as compared to the same period in 2021. Due to the seasonality of the business, the Group incurred a net loss of EUR 0.51 million in the 1(st) quarter. In the 1(st) quarter, the financial aid to Ukraine in the amount of EUR 0.09 million was recognised as a one-off expense. Operating expenses increased by EUR 2.54 million (22%) in the 1(st) quarter of which staff costs made up EUR 1.78 million (29%). In the 1(st) quarter, the number of employees increased by 18%, i.e. by 132 people, 46 employees of whom came from OÜ Geenius Meedia acquired at the end of 2021 and 86 employees from other media companies in Estonia, Latvia and Lithuania. In addition to the pressure on wages due to the general price inflation, the employee-related cost base has increased on account of additional expenditures of the editorial offices covering the warfare in Ukraine.

Due to the military operation launched in Ukraine on 24 February, the editorial offices in all our media companies are working 24/7. This will put enormous pressure on the work of the editorial offices as well as journalists. Our editorial offices are used to covering crises, and their work was reorganised quickly and efficiently. Special Russian language portals targeting Ukrainian refugees were launched operatively in Estonia, Latvia and Lithuania. The real estate portal Kinnisvara24.ee (<https://kinnisvara24.delfi.ee/>) that is co-owned by Ekspress Grupp developed as special real estate environment at the request of the Ministry of Social Affairs for the refugees who wish to find accommodation, and for the people of Estonia who wish to advertise accommodation for the Ukrainian refugees.

At the beginning of March, AS Ekspress Grupp, AS Postimees Grupp and AS Eesti Post operating under the trademark of Omniva concluded a contract, according to which Omniva will acquire all shares of AS Express Post from the media houses. Before entry into force, the transaction needs to be approved by the Estonia Competition Authority that has up to 5 months to develop a position. The operations of several parallel home delivery networks are getting more complicated in Estonia each year, despite continuous improvements of efficiency in both delivery organisations and state subsidies in rural areas. The Group is keen on offering affordable newspaper subscriptions for as long as possible, and in a country the size of Estonia, the merger of postal companies is the only possible outcome. As a result of the merger of Express Post and Omniva, a larger and stronger postal organisation will be established, from which all parties will gain, primarily the subscribers of newspapers and magazines.

## Q1 RESULTS

### REVENUE

In the 1(st) quarter of 2022, the consolidated revenue totalled EUR 13.4 million (1(st) quarter 2021: EUR 11.0 million). Revenue increased by 22% year-over-year in the 1(st) quarter. Both online advertising as well as digital subscriptions revenue contributed to this growth. The share of the Group's digital revenue in



the total revenue was 78% at the end of the 1(st) quarter of 2022 (at the end of the 1(st) quarter 2021: 70% of total revenue). Digital revenue increased by 36% as compared to the same period last year.

#### PROFITABILITY

In the 1(st) quarter of 2022, the consolidated EBITDA totalled EUR 0.62 million (1(st) quarter 2021: EUR 0.60 million). In the 1(st) quarter of 2022, EBITDA increased by 3% as compared to the previous year and the EBITDA margin was 5% (1(st) quarter 2021: 5%). In the 1(st) quarter of 2022, the consolidated net loss totalled EUR -0.51 million (1(st) quarter 2021: EUR -0.45 million).

#### EXPENSES

In the 1(st) quarter of 2022, the cost of goods sold, marketing, and general and administrative costs totalled EUR 13.84 million (1(st) quarter 2021: EUR 11.30 million). In the 1(st) quarter of 2022, operating expenses increased by EUR 2.54 million (22%), of which staff costs were EUR 1.78 million (29%). In the 1(st) quarter of 2022, the number of employees increased by 18% (+132 employees, incl. 46 employees from the acquisition of OÜ Geenius Meedia at the end of 2021 and 86 employees from other media companies in Estonia, Latvia and Lithuania). In addition to the pressure on wages due to the general price inflation, the employee-related cost base has increased on account of additional expenditures of the editorial offices covering the warfare in Ukraine.

In the 1(st) quarter, the financial aid to Ukraine in the amount of EUR 0.09 million was recognised as a one-off expense.

#### CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 8.9 million and equity in the amount of EUR 53.2 million (57% of total assets). The comparable data as of 31 March 2021, including the printing services segment, were EUR 4.6 million and EUR 54.1 million (58% of total assets), respectively. As of 31 March 2022, the Group's net debt was EUR 12.7 million (31 December 2021: EUR 11.3 million).

In the 1(st) quarter of 2022, the Group's cash flows from operating activities totalled EUR 0.54 million (1(st) quarter 2021: EUR 0.54 million, incl. printing services segment).

In the 1(st) quarter of 2022, the Group's cash flows from investing activities totalled EUR -1.80 million (1(st) quarter 2021: EUR -0.70 million), of which EUR -1.63 million was related to development and acquisition of property, plant and equipment and intangible assets, indicating higher investments in products and technologies. In the 1(st) quarter, the Group invested EUR -1.18 million in new LED screens, partly to be funded with a finance lease in the 2(nd) and 3(rd) quarter of 2022.



In the 1(st) quarter of 2022, the Group's cash flows from financing activities totalled EUR -0.82 million (1(st) quarter 2021: EUR -1.54 million). Financing activities were primarily related to the net changes in borrowings and principal payments of the lease liability, where the changes made to SEB loan contracts entered into in summer 2021 had a positive impact. In the 1(st) quarter of 2021, treasury shares were purchased in the amount of EUR 0.42 million.

#### DIVIDENDS

In February 2022, the Management Board of the Group made a proposal to the shareholders to distribute dividends from the net profit of 2021 in the amount of 5 euro cents per share, i.e. in the total amount of EUR 1.51 million. As of 28.04.2022, the shareholders Hans Luik and HHL Rühm OÜ have submitted a new draft resolution to pay dividends of 8 euro cents per share, i.e. in the total amount of EUR 2.42 million. The decision on dividend distribution will be made at the General Meeting of Shareholders on 2 May 2022.

#### Key financial indicators for segments

(EUR thousand)	Sales			
	Q1 2022	Q1 2021	Change %	12 months 2021
Media segment	13 081	10 656	23%	52 093
incl. revenue from all digital and online channels	10 434	7 663	36%	40 453
% of revenue from all digital and online channels	80%	72%		78%
Corporate functions	1 092	1 052	4%	4 118
Inter-segment eliminations	(747)	(706)		(2 695)
TOTAL GROUP	13 426	11 002	22%	53 516
% of revenue from all digital and online channels	78%	70%		76%

(EUR thousand)	EBITDA			
	Q1 2022	Q1 2021	Change %	12 months 2021
Media segment	893	795	12%	8 927
Corporate functions	(230)	(179)	-29%	(669)



Inter-segment eliminations	(46)	(20)		(18)
TOTAL GROUP	616	596	3%	8 240
EBITDA margin	Q1 2022	Q1 2021	12 months 2021	
Media segment	7%	7%	17%	
TOTAL GROUP	5%	5%	15%	

Consolidated balance sheet (unaudited)

(EUR thousand) 31.03.2022 31.12.2021

ASSETS

Current assets

Cash and cash equivalents	8 878	10 962
Trade and other receivables	9 517	9 323
Corporate income tax prepayment	120	2
Inventories	272	266
Total current assets	18 787	20 553

Non-current assets

Other receivables and investments	1 645	1 671
Deferred tax asset	42	42
Investments in joint ventures	1 041	1 011
Investments in associates	2 367	2 210
Property, plant and equipment	8 781	7 964
Intangible assets	60 924	60 807
Total non-current assets	74 801	73 705
TOTAL ASSETS	93 587	94 258



## LIABILITIES

### Current liabilities

Borrowings (Note 5)	2 754	3 201
Trade and other payables	18 087	17 664
Corporate income tax payable	73	82
Total current liabilities	20 913	20 947

### Non-current liabilities

Long-term borrowings	18 846	19 018
Other long-term liabilities	601	601
Total non-current liabilities	19 447	19 619

TOTAL LIABILITIES	40 361	40 566
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## EQUITY

Minority interest	139	140
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### Capital and reserves attributable to equity holders of parent company:

Share capital	18 478	18 478
Share premium	14 277	14 277
Treasury shares	(367)	(384)
Reserves	1 929	1 920
Retained earnings	18 771	19 261
Total capital and reserves attributable to equity holders of parent company	53 088	53 552
TOTAL EQUITY	53 227	53 692
TOTAL LIABILITIES AND EQUITY	93 587	94 258

Consolidated statement of comprehensive income (unaudited)



(EUR thousand)

Q1 2022 Q1 2021 12 months 2021

Continuing operations			
Sales	13 426	11 002	53 516
Cost of sales	(11 034)	(9 002)	(39 674)
Gross profit	2 393	2 000	13 842
Other income	119	106	929
Marketing expenses	(655)	(417)	(2 359)
Administrative expenses	(2 147)	(1 876)	(7 435)
Other expenses	(42)	(24)	(113)
Operating profit /(loss)	(332)	(211)	4 864
Interest income	10	9	35
Interest expenses	(169)	(181)	(709)
Other finance income/(costs)	(14)	16	339
Net finance cost	(172)	(157)	(335)
Profit/(loss) on shares of joint ventures	(133)	(107)	(281)
Profit/(loss) on shares of associates	130	35	161
Profit /(loss) before income tax	(508)	(440)	4 409
Income tax expense	(4)	(5)	(276)
Net profit /(loss) from continuing operations	(512)	(445)	4 133
Net profit /(loss) from discontinued operation	0	180	(1 876)
Net profit /(loss) for the reporting period	(512)	(264)	2 257
Net profit /(loss) for the reporting period attributable to			
Equity holders of the parent company	(511)	(265)	2 243
Minority interest	(1)	1	14



Total comprehensive income /(loss)	(512)	(264)	2 257
Comprehensive income /(loss) for the reporting period attributable to			
Equity holders of the parent company	(511)	(265)	2 243
Minority interest	(1)	1	14
Earnings per share (euro) - continuing operations			
Basic earnings per share	(0.02)	(0.01)	0.14
Diluted earnings per share	(0.02)	(0.01)	0.13
Earnings per share (euro)			
Basic earnings per share	(0.02)	(0.01)	0.07
Diluted earnings per share	(0.02)	(0.01)	0.07

Consolidated cash flow statement (unaudited)

(EUR thousand)	Q1 2022	Q1 12 months 2021*	2021*
Cash flows from operating activities			
Operating profit /(loss) for the reporting year	(332)	4	3 060
Adjustments for (non-cash):			
Depreciation and amortisation	948	1 111	4 162
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	(7)	(1)	(10)
Change in value of share option	9	10	36
Loss on sale of discontinued operation	0	0	2 077
Cash flows from operating activities:			
Trade and other receivables	(214)	192	(1 599)
Inventories	(6)	10	(33)
Trade and other payables	378	(573)	1 464



Cash generated from operations			
Income tax paid	(131)	(88)	(281)
Interest paid	(104)	(128)	(803)
Net cash generated from operating activities	542	536	8 073
Cash flows from investing activities			
Acquisition of subsidiaries/ associates (less cash acquired) and other investments / cash paid-in equity-accounted investees	(257)	(80)	(3 325)
Disposal of discontinued operation, net of cash disposed of	0	0	6 326
Receipts of other investments	0	51	51
Interest received	1	2	3
Purchase of property, plant and equipment and intangible assets	(1 627)	(628)	(2 786)
Proceeds from sale of property, plant and equipment and intangible assets	25	1	3
Loans granted	(30)	(40)	(212)
Loan repayments received	86	0	156
Dividends received	0	0	828
Net cash used in investing activities	(1 803)	(696)	1 044
Cash flows from financing activities			
Dividends paid	0	0	(3 028)
Payment of lease liabilities	(402)	(498)	(1 814)
Loans received / Repayments of bank loans	(420)	(618)	864
Purchases of treasury shares	0	(422)	(446)
Net cash used in financing activities	(823)	(1 537)	(4 424)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2 084)	(1 697)	4 693



Cash and cash equivalents at the beginning of the period	10 962	6 269	6 269
Cash and cash equivalents at the end of the period	8 878	4 571	10 962

\*No adjustments have been made to the consolidated cash flows for 2021 in accordance with the requirements of IFRS. Cash flows related to the printing services segment are still consolidated line-by-line.

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AS Ekspress Grupp is the leading Baltic media group whose key activities include web media content production, publishing of newspapers, magazines and books. The Group also operates an electronic ticket sales platform and ticket sales sites in Estonia and Latvia. Ekspress Grupp that launched its operations in 1989 employs more than 1400 people, owns leading web media portals in the Baltic States and publishes the most popular daily and weekly newspapers as well as the majority of the most popular magazines in Estonia.

